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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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In re:	:	Chapter 11
	:	
DANA CORPORATION, <i>et al.</i> ,	:	Bankruptcy Case No. 06-10354 (BRL)
	:	
Debtors.	:	Jointly Administered
<hr/>		:
AD HOC COMMITTEE OF ASBESTOS	:	
PERSONAL INJURY CLAIMANTS and	:	
JOSÉ ANGEL VALDEZ,	:	
	:	
Appellants,	:	No. 1:08-CV-1037 (PAC)
	:	
vs.	:	Judge Paul A. Crotty
	:	
DANA CORPORATION, <i>et al.</i> ,	:	
	:	
Appellees.	:	
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**DECLARATION OF CORINNE BALL IN SUPPORT OF MOTION OF APPELLEES  
TO DISMISS AS MOOT THE CONSOLIDATED APPEALS OF AD HOC COMMITTEE  
OF ASBESTOS PERSONAL INJURY CLAIMANTS AND JOSÉ ANGEL VALDEZ**

I, Corinne Ball, declare as follows, pursuant to the provisions of 28 U.S.C. § 1746:

1. I am a partner at the Jones Day law firm, counsel to Appellee Dana Corporation ("Dana") and its affiliated reorganized debtors (collectively, with Dana, the "Reorganized Debtors" or "Appellees") in the above-captioned cases.<sup>1</sup>
2. Pursuant to Bankruptcy Rule 8011(a), I submit this declaration in support of the Motion (the "Motion") of Appellees to Dismiss as Moot the Consolidated Appeals (the "Appeals") of Ad Hoc Committee of Asbestos Personal Injury Claimants and José Angel Valdez (collectively, the "Appellants").
3. Except as otherwise indicated, all facts set forth in this declaration are based upon my personal knowledge or are based upon information provided to me by the Reorganized Debtors. If I were called to testify, I could and would testify to the facts set forth herein.
4. On December 26, 2007, the Bankruptcy Court entered the Order Confirming the Third Amended Joint Plan of Reorganization of Debtors and Debtors in Possession (the "Confirmation Order").<sup>2</sup> On January 31, 2008 (the "Effective Date"), the Plan became effective. The Reorganized Debtors have taken numerous steps that have resulted in the substantial consummation of the Plan.

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<sup>1</sup> Capitalized terms not defined herein have the meanings given to them in the Third Amended Joint Plan of Reorganization of Debtors and Debtors in Possession (as amended, modified and supplemented, the "Plan"). See R.12. All citations in the form "R.\_\_\_\_" refer to the Designation of Items to Be Included in Record on Appeal (Docket No. 2), filed by the Ad Hoc Committee, unless otherwise noted. All docket citations herein refer to the docket of Case No. 1:08-cv-1037 (PAC), unless otherwise noted.

<sup>2</sup> For purposes of consistency and ease of reference, all citations to the Confirmation Order in this declaration will be to the slip copy issued by the Bankruptcy Court, available at In re Dana Corp., No. 06-10354 (BRL), 2007 WL 4589331 (Bankr. S.D.N.Y. Dec. 26, 2007).

## A. The Restructuring Transactions

5. Because of the complexity of the Reorganized Debtors' restructuring, the foundation for the Restructuring Transactions had to be established long before the Effective Date. In the final quarter of 2007, Dana Holding Corporation ("New Dana Holdco") and the following 16 new Limited Liability Companies (the "New LLCs") that were necessary for implementation of the Plan were formed:

- Dana Limited;
- Dana Companies, LLC;
- two business unit limited liability companies called Dana Automotive Systems Group, LLC and Dana Heavy Vehicle Systems Group, LLC (collectively, the "Business Unit LLCs"); and
- twelve product group limited liability companies, comprised of: Dana Sealing Products, LLC; Dana Sealing Manufacturing, LLC; Dana Driveshaft Products, LLC; Dana Driveshaft Manufacturing, LLC; Dana Light Axle Products, LLC; Dana Light Axle Manufacturing, LLC; Dana Structural Products, LLC; Dana Structural Manufacturing, LLC; Dana Thermal Products, LLC; Dana Commercial Vehicle Products, LLC; Dana Commercial Vehicle Manufacturing, LLC; and Dana Off-Highway Products, LLC (collectively, the "Product Group LLCs").

6. As of the Effective Date, pursuant to operating agreements among the New LLCs (the "Operating Agreements"):

- New Dana Holdco took ownership of Dana Limited and Dana Companies, LLC;
- Dana Limited took ownership of the Business Unit LLCs;
- Dana Automotive Systems Group, LLC directly or indirectly took ownership of those Product Group LLCs that produce automotive parts related to the automotive systems business line; and
- Dana Heavy Vehicle Systems Group, LLC directly or indirectly took ownership of those Product Group LLCs that produce automotive parts related to the heavy vehicle systems business line.

7. Therefore, pursuant to the Operating Agreements, New Dana Holdco became the direct or indirect parent of each of the New LLCs.

8. On the Effective Date, the Reorganized Debtors transferred, among other things, all their operating assets to New Dana Holdco or its direct or indirect operating subsidiaries.

9. On the Effective Date, Dana Corporation merged with Dana Companies, LLC, one of the newly-formed subsidiaries of New Dana Holdco.

10. In exchange for the assets it received from the Debtors and in accordance with the terms of the Plan, New Dana Holdco provided consideration to satisfy the Debtors' liabilities to their creditors under the Plan, including their vendors, employees and retirees, as well as governmental and other creditors.

11. Specifically, to date, New Dana Holdco has issued approximately 95 million shares of New Dana Holdco Common Stock for the benefit of certain holders of general unsecured claims against the Debtors, including vendors, bondholders, employees, retirees and governmental agencies. Of the common stock shares issued, approximately 27.6 million shares were issued to an escrow account for future distribution to holders of allowed general unsecured claims, and more than 67 million shares have been distributed to more than 2,200 holders of allowed general unsecured claims.

12. Moreover, the Reorganized Debtors have made cash distributions exceeding (a) \$31 million to more than 3,000 different holders of allowed secured claims, allowed priority claims and allowed administrative claims and (b) \$38 million to over 1,700 holders of Allowed Ineligible Unsecured Claims.

13. Additionally, the Reorganized Debtors made the final cash payment of \$53.8 million necessary to fund a VEBA trust created in the summer of 2007 for the benefit of certain of the Debtors' non-Union retirees on account of the Debtors' cessation of providing non-pension retiree benefits to these retirees.

14. Also, the Reorganized Debtors paid \$260,000 to settle all non-pension retiree benefit claims against the Debtors by 26 retirees and their surviving spouses or eligible dependents formerly employed at the Debtors' heavy axle facility in Marion, Ohio (collectively, the "Boilermaker Retirees").

15. On or before February 8, 2008, \$732.5 million was transferred from two escrow accounts funded by the Reorganized Debtors to VEBA trusts for the benefit of certain of the Debtors' retirees formerly represented by the UAW and USW (collectively, the "Union Retirees"). Of this total amount, approximately \$446.2 million was used to fund a VEBA trust for UAW Union Retirees (the "UAW VEBA"), and approximately \$286.3 million was used to fund a VEBA trust for USW Union Retirees (the "USW VEBA" and together with the UAW VEBA, the "Union VEBAs"). Pursuant to the Union Settlement Agreements, as of the Effective Date, the Debtors ceased to provide non-pension retiree benefits to more than 14,000 Union Retirees and their surviving spouses and eligible dependents.

16. In order to fund the Union VEBAs, New Dana Holdco sold 2,500,000 shares of New Series A Preferred Stock to Centerbridge for \$250 million and 5,400,000 shares of New Series B Preferred Stock to 23 New Equity Investors for \$540 million. As of the Effective Date, the Reorganized Debtors have paid commitment fees of \$14.1 million to Centerbridge and the B-2 Backstop Investors. Also, on the Effective Date, the Reorganized Debtors reimbursed \$5 million of Centerbridge's expenses.

**B. The Exit Facility**

17. New Dana Holdco and certain of the Reorganized Debtors used the assets they acquired pursuant to the Restructuring Transactions to secure financing of up to \$2.0 billion (the "Exit Facility") from a group of lenders led by Citigroup Global Markets Inc., Lehman Brothers Inc. and Barclays Capital (the "Exit Lenders"). The Exit Lenders are authorized to assign this facility to additional lenders.

18. The Exit Facility consists of a \$650 million asset-based revolving credit facility (the "Revolving Facility") and a \$1.35 billion senior secured term loan facility (the "Term Loan Facility"). The entire amount of the Term Loan Facility was borrowed on the Effective Date or shortly thereafter, and proceeds from the Term Loan Facility and existing cash were used to repay amounts outstanding under the DIP Credit Agreement, including: \$900 million of principal, \$762,295.08 of interest and a letter of credit for the unused commitment fees totaling \$572,061.26. The DIP Credit Agreement was then terminated and the liens securing it released. The remainder of the proceeds from the Exit Facility were used to make other payments required for the Debtors' exit from bankruptcy, and such proceeds continue to provide necessary levels of liquidity to fund New Dana Holdco's working capital requirements. The Reorganized Debtors also paid certain non-refundable transaction fees in connection with the Exit Facility.

**C. Cancellation of Old Stock; Issuance of New Stock**

19. In furtherance of its restructuring, all shares of Dana's outstanding Old Common Stock were automatically canceled in accordance with the Plan. Additionally, Dana's prepetition debt securities were canceled, and the indentures and other agreements governing

such debt securities were terminated (other than certain provisions of the indentures relating to the rights of the applicable indenture trustee under the Plan).

20. On the Effective Date, New Dana Holdco entered into two registration rights agreements as contemplated by the New Investment Agreement: one with Centerbridge and the other with the purchasers of the New Series B Preferred Stock. The registration rights agreements provided registration rights for sales of shares of preferred stock and certain other equity securities of New Dana Holdco. On February 12, 2008, New Dana Holdco registered New Dana Holdco Common Stock issuable for non-management employee stock bonuses with the SEC.

21. On February 1, 2008, shares of New Dana Holdco Common Stock began trading publicly on the NYSE under the ticker symbol "DAN."

22. On February 6, 2008, New Dana Holdco filed its first form 8-K with the SEC.

#### **D. Actions With Respect to Corporate Governance**

23. As of the Effective Date, the Debtors' Board of Directors had resigned, and the new nine-member Board of Directors of New Dana Holdco (the "Board") had been duly appointed.

24. On the Effective Date, the Board among other things:

- approved a resolution making "independence" and "financial expertise" determinations with respect to the Board; and
- approved the charters for and appointed directors to the Audit Committee, the Compensation Committee, the Nominating Committee and the Corporate Governance Committee.

**E. Assumption and Assignment of Executory Contracts and Unexpired Leases**

25. Additionally, on the Effective Date, the Debtors (a) assumed and assigned to the New LLCs more than 2,000 executory contracts and unexpired leases necessary for the continued operations of the businesses, and (b) rejected other executory contracts and unexpired leases. The Reorganized Debtors have also sent notices to approximately 200 parties with postpetition contracts informing them of the assignment of their agreements to the applicable New LLCs.

**F. Assumption of Responsibilities Related to Labor**

26. The Reorganized Debtors have also assumed many of the Debtors' responsibilities with regard to their employees. For example, the Debtors assigned their collective bargaining agreements to New Dana Holdco and its direct and indirect operating subsidiaries, thus novating Dana and other applicable Debtors. As of the Effective Date, employment and payroll for all employees in the United States were transferred to New Dana Holdco and its direct and indirect subsidiaries. The Reorganized Debtors also froze 30 different pension plans, which the Debtors had merged on December 31, 2006, and assigned these pension plans to Dana Limited. In the future, union employees with defined benefit pension plans will participate in defined contribution or 401(k) plans maintained by Dana Limited and the Steelworkers Pension Trust.

**G. Other Payments**

27. On the Effective Date, the Reorganized Debtors made certain additional payments in accordance with the Plan. For example, the Reorganized Debtors paid \$17.5 million to satisfy outstanding contingency fees to its various financial advisors. Moreover, on the



Effective Date, the Reorganized Debtors paid \$1.1 million to satisfy the Indenture Trustee's legal fees.

**Declaration Under Penalty of Law**

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my knowledge, information and belief.

Executed this 14th day of March, 2008

/s/ Corinne Ball  
Corinne Ball